

Message Text

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ACTION EB-08

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TAGS: ETRD, EGEN, JA, AS

SUBJECT: JAPAN-AUSTRALIA MINISTERS' MEETING

1. SUMMARY: JAPAN-AUSTRALIA MINISTERIAL MEETING IN TOKYO LAST WEEK CAPPED SUCCESSFUL DIPLOMATIC EFFORT TO RESOLVE CURRENT TRADE ISSUES. BOTH SIDES WERE EAGER TO SEE THE RELATIONSHIP PROSPER BUT AUSSIES SEEM TO HAVE GAINED MORE THAN JAPANESE. BILATERAL BOT HEAVILY IN AUSTRALIA'S FAVOR DOES NOT BOTHER TOKYO. AUSTRALIA WON RESTORATION OF BEEF QUOTAS NEARLY TO LAST YEAR'S SIX-MONTH LEVEL. END SUMMARY.

2. JAPAN-AUSTRALIA MINISTERIAL CONSULTATIONS, HELD IN TOKYO JAN 17-18, CAME OFF SMOOTHLY TO APPARENT SATISFACTION OF BOTH COUNTRIES. AS DESCRIBED BY FONOFF OFFICIAL, MEETINGS PRODUCED "NO SURPRISES" (THE HIGHEST ACCOLADE JAPANESE DIPLOMATS CAN BESTOW). IN TURN, AUSTRALIAN COMMERCIAL COUNSELOR BOLDUAN TERMED MEETINGS "85 PERCENT GOOD STUFF."

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3. THE MOST CONTENTIOUS ISSUE - JAPANESE IMPORT QUOTA ON AUSTRALIAN BEEF - WAS SUCCESSFULLY DEFUSED FOR TIME BEING WITH GOJ DECISION TO ADD 20,000 TONS TO OCTOBER 76 - MARCH 77 IMPORT QUOTA PREVIOUSLY SET AT 20,000 TONS. ACCORDING TO BOLDUAN, AGREEMENT WAS ACTUALLY REACHED IN TWO LATE NIGHT SESSIONS BEFORE MINISTERIAL MEETINGS BEGAN. PM FRAZIER HAD PERSONALLY

DECIDED LAST FALL TO MAKE BEEF QUOTAS A TEST CASE OF "RELIABLE SUPPLIER RELATIONSHIP" REFERRED TO IN JAPAN-AUSTRALIA FRIENDSHIP AND COMMERCE TREATY. JAPANESE AT FIRST OFFERED 11,000 TON QUOTA INCREASE (WHICH ACCORDED WITH AUSTRALIA'S OWN ESTIMATES OF JAPANESE DEMAND), BUT FINALLY CAVED IN TO AUSTRALIAN DEMANDS BY ADDING 4,000 TONS "FOR INVENTORY" AND 5,000 TONS FOR A NEW "SCHOOL LUNCH" ELEMENT. TOTAL OF 40,000 TONS THUS NEARLY EQUALS 45,000 TONS ALLOWED IN FROM APRIL TO SEPTEMBER LAST YEAR.

4. BOLDUAN TERMED SUGGESTED LINK BETWEEN BEEF QUOTAS AND JAPANESE FISHERMEN'S ACCESS TO AUSTRALIAN PORTS "PURE PRESS FANTASY, IF FORTUITOUS." AGREEMENT ON PORT ACCESS HAD ALSO ALREADY BEEN REACHED BEFORE MINISTERIAL BEGAN. BOLDUAN SAID AUSTRALIA HAS UNDERTAKEN TO CULTIVATE A SPECIAL RELATIONSHIP WITH JAPAN IN FISHING TO PROMOTE THE AUSTRALIAN FISHING INDUSTRY; LINKING BEEF AND PORT ACCESS COULD INTERFERE WITH AUSTRALIA'S ATTEMPTS TO ACQUIRE JAPANESE FISHING TECHNOLOGY. MORE FUNDAMENTALLY, BOLDUAN SAID GOA SEES DANGER IN CONTROLLING THE FINAL IMPACT OF CROSS-SECTORIAL LINKAGES. AUSTRALIA IS ACCUSTOMED TO BEING A RESIDUAL SUPPLIER OF RAW MATERIALS AND FOODSTUFFS IN VOLATILE MARKETS AND TRIES TO KEEP THE SCOPE OF ANY PARTICULAR TRADE NEGOTIATION LIMITED TO A SINGLE SECTOR.

5. ON AUSTRALIAN IMPORT RESTRICTIONS THE AUSTRALIANS GAVE AWAY NOTHING, HAVING AGREED SOME TIME AGO TO LIMITED OFFICIAL USE

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NOTIFY JAPAN OF IMPENDING ACTIONS AFFECTING JAPANESE EXPORTS. NATURAL RESOURCES RECEIVED LESS ATTENTION THAN EXPECTED, AS DID FINANCIAL MATTERS, DUE TO ILLNESS OF A KEY AUSTRALIAN CABINET MEMBER.

6. MINISTERS ALSO AGREED TO SET UP A "CONSULTATIVE GROUP" PRESUMPTIVELY AT THE VICE MINISTER LEVEL. BOLDUAN REMARKED THAT THIS WAS MAINLY AT THE INITIATIVE OF THE JAPANESE AND AUSTRALIAN FOREIGN MINISTRIES WHO WANT TO PLACE TRADE PROBLEMS IN A BROADER CONTEXT. NO DATE HAS BEEN SET FOR THE FIRST MEETING.

7. AUSTRALIANS NOTED THEIR OPPOSITION TO UNILATERAL DECLARATIONS OF 200-MILE ECONOMIC ZONES, BUT OBSERVED THAT SHOULD LOS CONFERENCE FAIL TO REACH AGREEMENT, GOA WOULD HAVE TO CONSIDER ITS OWN UNILATERAL MEASURES. IN SUCH AN EVENT, AUSTRALIA WOULD CONSULT WITH JAPAN IN REGARD TO TRADITIONAL JAPANESE FISHING GROUNDS.

8. POLITICAL DISCUSSIONS BETWEEN FONMINS HATOYAMA AND PEACOCK WERE BROAD AND GENERAL IN NATURE. ALTHOUGH KOREA WAS NOT DISCUSSED IN ANY DETAIL, PEACOCK DID STATE THAT TOO RAPID WITHDRAWAL OF U.S. TROOPS FROM ROK MIGHT HAVE DESTABILIZING EFFECT ON REGION (IN CONVERSATIONS WITH EMBOFFS, BOTH FONOFF AND LOCAL AUSTRALIAN EMBASSY HAVE DISMISSED AS "JOURNALISTIC IMAGINATION" EARLIER JAPANESE PRESS STORIES THAT JAPAN WAS ATTEMPTING TO ENLIST AUSTRALIAN ASSISTANCE IN PERSUADING U.S. TO KEEP TROOPS IN ROK).

9. TO ACCOMPANIMENT OF UNIFORMLY FAVORABLE JAPANESE PRESS COMMENT ON MINISTERIALS, FONMIN HATOYAMA ANNOUNCED THAT "ALL PENDING ISSUES BETWEEN JAPAN AND AUSTRALIA HAD BEEN WIPE OUT BY THESE MEETINGS"-- A BROAD OVER-STATEMENT BUT REFLECTIVE AT LEAST OF IMPROVEMENT IN ATMOSPHERICS SURROUNDING RELATIONSHIP SINCE LOW-POINT LIMITED OFFICIAL USE

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OF LAST FALL'S "BEEF SHOCK". IN THIS REGARD, FONOFF OCEANIA DIVISION DEP DIR MAKITA NOTED TO EMBOFF THAT MINISTERIALS HAVE SERVED PRIMARY PURPOSE OF EXCHANGE OF VIEWS AT HIGH LEVEL, BUT THAT DETAILED NEGOTIATIONS ON SPECIFIC TRADE PROBLEMS REMAINED. MAKITA SUGGESTED THAT MOST DIFFICULT OF THESE NEGOTIATIONS MIGHT WELL BE WITHIN GOJ--AS ALREADY HAS OCCURRED BETWEEN FONOFF AND AGRICULTURE-FORESTRY MINISTRY ON ENTIRE BEEF IMPORT QUESTION. NEVERTHELESS, MAKITA WAS RELATIVELY OPTIMISTIC THAT MINISTERIAL MEETING HAD REMOVED BILATERAL TRADE PROBLEMS FROM NEWSPAPER HEADLINES FOR THE MOMENT, ALLOWING DIPLOMATS AND TECHNICIANS OPPORTUNITY TO RESOLVE THEM QUIETLY. HODGSON

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